



JUNE 2016

SNIPPETS

CHANGES TO THE CHILD SUPPORT QUALIFYING AGE

From 1 April this year, the qualifying age for children to be included in a child support assessment is under 18 years of age, unless the child is aged 18 and enrolled and attending a school. This change applies to children you receive or pay child support for and children you have named as dependents.

A school is defined as:

-) A registered school, as defined in the Education Act 1989, or
-) An overseas school.

Before a child's 18th birthday, Inland Revenue will send you a letter or an email, if you are registered with myIR, asking about the child's plans.

A child will stop qualifying for child support before their 18th birthday if they:

-) Start living with another person in a marriage, civil union or de facto relationship
-) Become financially independent (i.e. work more than 30 hours average per week, receive a student allowance or benefit from Work and Income), or
-) Are not a New Zealand citizen or no longer ordinarily reside in New Zealand.

What you need to know:

-) If the child is leaving school before turning 18 years of age you do not need to contact the IRD. They will stop child support the day before their 18th birthday.
-) If the child aged 18 is staying at school, you must contact the IRD immediately so IRD can continue assessing child support. If the IRD support has been stopped and you require it to start again, forms IR101 or IR954 will need to be completed.
-) If the child decides not to complete the school year, you must let IRD know to ensure there is not an overpayment.

KIWISAVER CONTRIBUTIONS BY NEW EMPLOYEES

A new employee who is a current KiwiSaver member is required to give you a KiwiSaver deduction notice (KS2) so contributions will continue at the rate chosen by the employee and you, as employer, will need to make the 3% employer contribution.

Your employee cannot opt out of KiwiSaver in their new employment if they are currently a KiwiSaver member – however, they can request a contributions holiday if they have been a member for more than 12 months.

REFRESHER WORKSHOPS - BANKLINK & XERO

In the coming months Graham & Dobson would like to assist clients to update their skills by providing a series of refresher workshops for clients using Banklink and Xero accounting packages. Charge per attendee will be \$50.00 exclusive of GST and there will be an opportunity following the workshop to ask questions about any specific issues you may have.



Please register your interest with Tricia Byrne, tricia@grahamdobson.co.nz, if you would like to attend: dates and times will be scheduled once we have an indication of numbers.

USE OF MONEY INTEREST

IRD Use of Money Interest (UOMI) is not a penalty or another tax, but is to:

-) Compensate the IRD for the loss of use of money through taxpayers paying too little tax and to encourage taxpayers to pay the correct amount of tax on time
-) Compensate taxpayers for the loss of use of money through their paying too much tax

Effective 8 May this year, the UOMI rates have changed to:

- Underpayments – 8.27% (down from 9.21%)
- Overpayments – 1.62% (down from 2.63%)

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REDUCED VEHICLE REGISTRATION COSTS

In May the ACC Minister Nikki Kaye confirmed that, from 1 July 2016, there will be a 33% reduction to the average annual licence levy for the owners of light vehicles (cars, vans, utes and SUVs) as well as refinements to the vehicle risk rating system used to calculate these levies. It is estimated the average motor vehicle levy, which includes the annual licence fee and petrol levy, will reduce from about \$195 to around \$130 per vehicle. The exact amount you will pay will depend on the risk band your vehicle is assigned to but the vast majority of owners of light vehicles will pay a reduced levy – for some owners of petrol vehicles, the annual reduction will be as much as \$132.00!

Vehicle risk rating was introduced by ACC last year and it has become clear that the new approach needed improved data for some cars – for example it now better recognises cars that have different names which are essentially identical vehicles. It is believed vehicle risk rating is a fairer allocation of levies and assists with a greater understanding of vehicle safety – it should be noted a large proportion of cars in the risk bands with the lowest levy are older vehicles, so safety is not just about the age of the vehicle.

Comment:

ACC annual licence levies per risk band from 1 July for light petrol vehicles:

-) Band 1 - \$84.98
-) Band 2 - \$61.87
-) Band 3 - \$48.65
-) Band 4 - \$25.54

ACC annual licence levies per risk band from 1 July for light diesel vehicles:

-) Band 1 - \$159.27
-) Band 2 - \$136.16
-) Band 3 - \$122.94
-) Band 4 - \$99.83

Motorists can now check their vehicle's risk band and how much they will pay from 1 July onwards by entering the vehicle's number plate into:

www.rightcar.govt.nz/rego/acc-new

DOES WEARING A TIE INCREASE YOUR PRODUCTIVITY?

Is it significant that highly successful companies like Google and Facebook are renowned for their casual dress codes? It appears modern

businesses are coming to understand that what you wear to work is less important than the results you achieve. There are still certain occupations where a formal standard of dress is required and



that 'proper' attire is acknowledged by most to be respectful of the occasion. However, a global survey of just under 40,000 business people found that New Zealanders have an increasingly relaxed attitude to workwear dressing, with 81% of New Zealand workers reporting the suit and tie look is too formal for modern offices – after all, a software developer can do the same job in jeans as in a suit! Sandals, jeans and T-shirts were deemed to be acceptable in the office by more than half of the New Zealand respondents. Liberal views on workwear are of course part of a bigger trend around the changing nature of work, particularly the shift towards flexible work arrangements and work away from the traditional office.

NEW REPORTING REQUIREMENTS FOR CHARITIES

There have been significant changes to the reporting requirements for charities for the financial years ending on or after 31 March 2016. These have been well publicised by the Charities Commission. However, each charity needs to consider the impact of the changes on their own trust deed or constitution. For smaller charities who fall into Tier 3 (less than \$2m of expenditure) or Tier 4 (less than \$125,000 of expenditure), your organisation's trust deed or constitution may override the new rules around the level of financial reporting required as well as the need for an audit and who may complete that audit.



The requirement to report on the services you have delivered to the community is a very good opportunity to consider what your charity does and why. Charities adapt with the times and the changing needs of their community - however the trust deed or constitution may not have kept pace. It is also a good opportunity to remind others what you do and why they should support you.

Comment:

Many charities will be facing their first year of dealing with new requirements for financial reporting in order to maintain their charitable status.

Charities Reporting Changes checklist:

-) Are you prepared for the new reporting requirements for charities?
-) Do you know where you fit?
-) Do you need an audit?
-) Are you complying with your organisation's trust deed, rules or constitution?
-) What will you report for 'Service Performance' and how will you measure it?

If you don't have the answers to these questions, call our experts, Barbara Johnstone or Callum Thompson, to discuss your concerns.

PRIVATE USE OF BUSINESS VEHICLES

If you, as an employer, make a vehicle available to an employee, their associated persons, or shareholder-employees and there is any private use, you will need to

pay fringe benefit (FBT), whether the vehicle is used or not.

You are required to keep records for any motor vehicle made available for private use. If a private use restriction is in place, you must keep a record of quarterly checks to make sure the vehicle is not used for unauthorised private use.

Comment:

Travel between work and home is generally classified as private use. If you are unsure if your business is complying, go to www.ird.govt.nz (search keyword: IS3448) to find out if your employee's travel is deductible for FBT purposes. The guidelines contained in this information statement will assist you in determining when travel between home and work is treated as work-related use (rather than for private use and enjoyment) for FBT purposes.

) If you have any queries about FBT on motor vehicles we will be pleased to address them for you.

PAID PARENTAL LEAVE FOR PRIMARY CARERS

The Government has made changes to paid parental leave (PPL) applying not only to employees with babies due or born on or after 1 April 2016 but to employees who, as primary carers, take full time care of a child under six years of age from this date.



Primary carers are those taking on permanent responsibility for the care and upbringing of a child and could include grandparents or other family members, Child, Youth and Family 'Home for Life' parents, whangai and other permanent guardians and this leave may be taken at any time up until the child has been in their care for twelve months.

As an employer these changes may affect you because:

-) Primary carers can now receive PPL when they have worked an average of 10 hours a week or more for at least 26 of the 52 weeks immediately before the child comes into the care of the person.
-) This work could include seasonal or contract work and does not have to be for one employer
-) Employees who have worked for you for the required hours may ask you to complete a work declaration as part of their PPL application.

In addition to the above changes:

-) Employees receiving the PPL will be able to work 'Keeping In Touch' (KIT) hours of up to 40 hours over the 18 week period without affecting their entitlement to paid parental leave. These paid hours can only be worked after the first 28 days of paid parental leave and must be documented as an agreement between the employer and the employee.
-) Parents of babies born prematurely (before 37 weeks of pregnancy) will qualify for additional entitlements.
-) Employees may now resign from their job while on parental leave, without losing their PPL entitlement.

-) Partner's Paternity Leave is available to the spouse or partner – up to 2 weeks unpaid if the employee has worked 12 months for the same employer and up to one week if the employee has worked six months to the expected due date or adoption.

What you need to know:

Within 21 days of receiving an application for parental leave, as an employer you must:

- Consider then approve or decline your employee's request for leave – if declining, your written response must state the reason.
- Verify the details on the employee's application to the IRD for paid parental leave
- Confirm the arrangements with your employee, including the date your employee is to return to work.

MILEAGE RATES DECREASE

The Inland Revenue recently updated its mileage rates for expenditure incurred for the business use of a motor vehicle - this has resulted in a reduction to the 2016 income tax year rate. The new rate is 0.72 cents per kilometre for both petrol and diesel vehicles and the reduction is a result of the lower average fuel costs and overall lower operating costs expected during the 2016 income year.

The above rate may be used as a reasonable estimate by employers for reimbursing employees' (and shareholder employees) expenditure incurred by the employee in connection with their employment. Employers have the right to use an alternative rate from another reputable source other than the Inland Revenue (e.g. the New Zealand Automobile Association).

GST TO BE CHARGED ON REMOTE SERVICES

From 1 October 2016, changes have been made to the Goods and Services Tax Act 1985 affecting non-resident businesses and the services they supply. Non-resident businesses that meet certain GST requirements will be required to charge and return GST on any remote service they supply to customers who reside in New Zealand. This will include businesses providing online services such as online gambling, video streaming and music streaming services.

New Zealand customers consequently may find an increase in the cost of online supplies purchased from that date – such services/supplies could include:

- e-books
- movies
- TV shows
- music
- online subscriptions
- apps
- games and
- software

Newsletters are available by e-mail - please go to our website www.grahamdobson.co.nz click on the "Our latest newsletter: view or subscribe" icon and complete the registration screen.

The Irish have the lowest stress rate when faced with illness because they refer to this, 'their' bible of medical terminology!

Artery	The study of paintings
Bacteria	The back door to cafeteria
Caesarean Section	A Neighbourhood in Rome
Cat Scan	Searching for Kitty
Cauterize	Made eye contact with her
Colic	A sheep dog
Coma	A punctuation mark
Dilate	To live long
Enema	Not a friend
Fester	Quicker than someone else
Fibula	A small lie
Impotent	Distinguished, well known
Labour Pain	Getting hurt at work
Morbid	A higher offer
Nitrates	Rates of pay for working at night, normally more money than days
Node	I knew it
Outpatient	A person who has fainted
Pelvis	Second cousin of Elvis
Post-Operative	A letter carrier
Recovery Room	Place to do upholstery
Rectum	Nearly killed him
Secretion	Hiding something
Seizure	Roman Emperor
Tablet	A small table
Urine	Opposite of you're out!

I'm Irish
What's Your Super Power?

